

IRS News Release

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Credit for Honda Hybrids Begins to Phase-Out

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WASHINGTON — After reviewing the fourth quarter 2007 sales of American Honda Motor Company, Inc., the Internal Revenue Service announced that purchasers of qualifying Honda vehicles may continue to claim the Alternative Motor Vehicle Credit. Given the number of vehicles sold, the phase out period for Honda vehicles began on Jan. 1, 2008.

Honda sold 8,017 qualifying vehicles to retail dealers in the quarter ending Dec. 31, 2007. This brings the cumulative sales of qualified Honda hybrid vehicles sold from the period of Jan. 1, 2006, to Dec. 31, 2007, to 73,108.

Taxpayers may claim the full amount of the credit up to the end of the first calendar quarter after the quarter in which the manufacturer records its sale of the 60,000th qualified vehicle. For the second and third calendar quarters after the quarter in which the 60,000th vehicle is sold, taxpayers may claim 50 percent of the credit. For the fourth and fifth calendar quarters, taxpayers may claim 25 percent of the credit. No credit is allowed after the fifth quarter.

The applicable credit amounts are on the following page:

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Qualifying Vehicle	Full Credit When Purchased By 12/31/07	Reduced Credit When Purchased From 01/1/08 through 6/30/08	Reduced Credit When Purchased From 7/1/08 through 12/31/087	Beginning 1/01/09
2007 Accord Hybrid AT	\$1,300	\$650	\$325	\$0
2007 Accord Hybrid Navi AT	\$1,300	\$650	\$325	\$0
2007 Civic Hybrid CVT	\$2,100	\$1,050	\$525	\$0
2008 Civic Hybrid CVT	\$2,100	\$1,050	\$525	\$0

More information on hybrid vehicles and other alternative motor vehicles can be found on the IRS Web site at: www.irs.gov.